

HEALTH SERVICES AND DEVELOPMENT AGENCY
MINUTES
FEBRUARY 27, 2008

AGENCY MEMBERS PRESENT

Koella, Carl, III, Chair
Atchley, Bryan, Vice Chair
Caldwell, Gene, M.D.
Handorf, Charles, M.D.
Lammert, Gregory
Newman, Leslie, Commissioner of Commerce and Insurance
Troy, Peggy
Weaver, Faye, designee for the Comptroller of the Treasury

AGENCY MEMBERS ABSENT

Gaither, Keith, designee for the TennCare Director
Jones, Clark

AGENCY STAFF PRESENT

Hill, Melanie, Executive Director
Bobbitt, Melissa, Administrative Services Assistant III
Brogden, Reid, General Counsel
Christoffersen, Jim, Deputy General Counsel
Earhart, Phillip, Health Planner III
Farber, Mark, Assistant Executive Director
Finchum, Rhonda, Office Manager
Wells, Phil, Health Planner III

GUESTS PRESENT

Anderson, Joy, Esq., Boulton, Cummings, Conners & Berry
Anderson, Michelle, Esq., Harwell Howard Hyne Gabbert & Manner, P.C.
Anderson, Mitzi, Vice President of Finance, Thompson Cancer Survival Center
Bailey, Beverly
Ball, Charles, M.D., Maury Regional Hospital
Beard, Alex
Beard, Bert, HCA
Bolton, Raymond, HCA
Bristol, Majorie A., Esq., Nelley & Company, PLLC
Brown, Bri, TriStar
Brown, Dere, NHC
Bryant, Brooke, HCA
Bustetter, Laura, Williamson Medical Center
Casey, Pam, Bass, Berry & Sims
Collier, John, Maury Regional Hospital
Como, Drank
Cordell, Gary, Clayton Associates
Corritore, Danell, Department of Health
Cross, Alix Coulter, Esq., Harwell Howard Hyne Gabbert & Manner, P.C.
Danesworth, Jeanne
Dawson, John, Maury Regional Hospital

Day, Edwin
 Dovgan, Daniel, M.D., LeConte Radiology
 Duda, Jonathan
 Duncan, Bruce, Vice President, NHC
 Dunlap, Melva
 Dunlap, Millard
 Durrell, Clive, Balfour Concord
 Duvall, Cathleen
 Elrod, Dan H., Esq., Miller & Martin, PLLC
 Evans, Peggy, Spring Hill Hospital, Inc.
 Evans, Bob
 Felts, Ginna, Williamson Medical Center
 George, Robert, United Regional Medical Center
 Gooch, Warren, Esq., Kramer Rayson, LLP
 Graboushi, Flo
 Grace, Frank, Esq., Waller, Lansden, Dortch & Davis
 Gragg, Mike, President, Strategic Staffing
 Halsey, Laurie, Covenant Health
 Harvey, D. Edward, Esq., Farris, Mathews, Branan, Bobango, Hellen & Dunlap, PLC
 Hawkins, Tim, Thompson Cancer Survival Center
 Henderlight, Ann, Vice President/CNO, Covenant Health
 Hill, Ronald, Vanderbilt University Hospital
 Houchin, Barbara, St. Thomas Health System
 Huggins, Mike
 Jackson, Brian, Esq., Miller & Martin, PLLC
 Jobe, Cindy, City of Spring Hill, Chamber of Commerce
 Kisber, Paige, HAT
 Klein, Rodger, Williamson Medical Center
 Langenberg, Michael, Executive Director, University Radiology
 Lauf, Edward
 Lauf, Kathryn
 Leverette, Danny M., Mayor of Spring Hill, Tennessee
 Lintz, Gordon, Baptist Memorial Hospital-Memphis
 Looney, Kim Harvey, Esq., Waller, Lansden, Dortch & Davis
 Madewell, Jennifer, Tennessee Department of Finance & Administration
 Maples, Arthur, Director Strategic Analysis, Baptist Memorial Health Care Corporation
 McArtor, Catherine
 McArtor, Robert
 McNally, Sara, St. Thomas Health System
 McRae, Charles, CFO/Administrator, Vista Radiology, P.C.
 Merville, LaDonna, HAT
 Micciche, Craig, Regional Sales Manager, Hitachi Medical Systems America
 Middigon, Robert, HCA
 Miller, Jason, Sr. Product Manager, Hitachi Medical Systems America
 Mulz, Richard, TriStar
 Neisler, Stacy, Esq.,
 Nelley, Rachel C., Esq, Nelley & Company, PLLC
 O'Neal, Bill
 Ockerman, Jeff, Director, Health Planning, Tennessee Department of Finance & Administration
 Orage, Mike
 Ottens, Mark, Baptist Memorial Hospital-Memphis
 Ottwell, Robert, Maury Regional Hospital
 Pichard, Viola
 Pope, Ron, Maury Regional Hospital
 Potter, Jeff
 Ramsey, Chester, Thompson Cancer Survival Center
 Read, Cheryl
 Richardson, Mike, Vice President, Planning & Development, Covenant Health
 Robowski, Rachel, Spring Hill Hospital, Inc.
 Roesch, Jeffrey, M.D., Vista Radiology

HEALTH SERVICES AND DEVELOPMENT AGENCY

FEBRUARY 27, 2008 MEETING

- PAGE 2 -

Scariano, Jack E., Jr., M.D.
Scarvey, Tim, Vice-President, TriStar Health System Division, HCA
Smith, John H.
Stephenson, Kate, Esq., Trauger & Tuke
Sterling, Jimmie
Stovall, Tom, Director/Chief Administrative Judge, Administrative Procedures Division
Taylor, Jerry W., Esq., Farris, Mathews, Branan, Bobango, Hellen & Dunlap, PLC
Trauger, Byron R., Esq., Trauger & Tuke
Tucker, Kate, Esq., Kramer Rayson, LLP
Tumlin, Richard, Centennial Medical Center
VonArsdale, Matt, HCA
Ward, Getahn, The Tennessean
Wellborn, John, Development Support Group
William, Rita, Maury Regional Hospital
Young, Charles, Esq., Kramer Rayson, LLP

Chairman Koella, called the meeting to order at 8:30 a.m., CST, in Meeting Rooms D-G of The Sommet Center, Nashville, Tennessee.

DIRECTOR'S ANNOUNCEMENTS

Melanie Hill, Executive Director, made general announcements. Ms. Hill introduced Leslie Newman, Commissioner, Commerce and Insurance and new staff employee, Phillip Earhart, Health Planner III. March 26th and April 23rd meetings will be held at the AT & T Building, and the May 28th meeting will be held at The Sommet Center. Comments for the PET guidelines are due by February 29th to Jeff Ockerman, Director, State Health Planning, Department of Finance & Administration.

OTHER BUSINESS

Mark Farber summarized the following matter:

Spring Hill Hospital, Inc., CN0604-028, Docket No. 25.00-92967J - Review of the Initial Order and Issuance of a Final Order.

Judge Tom Stovall, Director, Chief Administrative Judge, Administrative Procedures Division, Secretary of State's Office, advising the Agency, gave a review of the procedures.

Jim Christoffersen, Deputy Counsel for the Agency spoke on behalf of Spring Hill Hospital. Reid Brogden, General Counsel for the Agency was present in support of Spring Hill Hospital.

Jerry Taylor, Esq., and Kate Stephenson, Esq., spoke on behalf of Spring Hill Hospital. Byron R. Trauger, Esq. and Ed Harvey, Esq. were present on behalf of Spring Hill Hospital.

Dan Elrod, Esq. on behalf of Maury Regional Hospital and Warren Gooch, Esq., on behalf of Williamson Medical Center spoke in opposition. Charles Young, Esq. and Kate Tucker, Esq. were present on behalf of Williamson Medical Center. Brian Jackson, Esq., was present on behalf of Maury Regional Hospital.

Ms. Stephenson rebutted.

Mr. Elrod and Mr. Gooch summated for the opposition.

Mr. Taylor summated for the applicant.

Dr. Caldwell moved for the issuance of a Final Order approving the project, stating at length that the statutory criteria have been met. Dr. Handorf seconded the motion. The motion CARRIED [7-1-0].

APPROVED

AYE: Troy, Lammert, Caldwell, Atchley, Handorf, Weaver, Koella
NAY: Newman

The Agency had Mr. Farber read each numbered paragraph of the Findings of Fact and Conclusions of Law proposed for each inclusion in the Final Order by Spring Hill Hospital, as such modify the Initial Order, and reached a consensus on each, after making further modifications.

Findings of Facts

Dr. Handorf moved to accept the Findings of Fact as modified. Mr. Atchley seconded. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Newman, Troy, Lammert, Caldwell, Atchley, Handorf, Weaver, Koella

NAY: None

Conclusion of Law

Dr. Handorf moved to accept the Conclusions of Law, point 1a through 5 as written on top of page 33. Ms. Weaver seconded. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Newman, Troy, Lammert, Caldwell, Atchley, Handorf, Weaver, Koella

NAY: None

Mr. Lammert moved that the economic feasibility of this project has not been in question and the Health Services and Development Agency find it acceptable by adopting numbers 15 through 19 starting with page 38. Dr. Handorf seconded. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Newman, Troy, Lammert, Caldwell, Atchley, Handorf, Weaver, Koella

NAY: None

Dr. Handorf moved to accept the other revisions made to the Conclusions. Mr. Atchley seconded. The motion CARRIED [7-1-0]. **APPROVED**

AYE: Troy, Lammert, Caldwell, Atchley, Handorf, Weaver, Koella

NAY: Newman [with the exception of paragraphs 15-19]

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON applications:

East Tennessee Community Open MRI, LLC - (Knoxville, Knox County) - Project No. CN0711-084

The establishment of an outpatient diagnostic center (ODC) and the initiation of magnetic resonance imaging (MRI) services. The equipment anticipated to be purchased is an open MRI to be shared with West Knoxville Open MRI, LLC, CN0711-085. Project Cost \$793,397.00.

Rachel C. Nelley, Esq., representing the applicant, addressed the Agency. Present in support of the project were: Mike Gragg, President, Strategic Staffing; and Craig Micciche, Regional Sales Manager, Hitachi Medical Systems America.

Opposing were: Dan H. Elrod, Esq., representing Covenant Health; Michael Langenberg, Executive Director, University Radiology; and Jeffrey Roesch, M.D., Vista Radiology. Present in opposition were: Mike Richardson, Vice President, Planning and Development, Covenant Health; Laurie Halsey, Covenant Health; and Charles McRae, CFO/Administrator, Vista Radiology, P.C.

Rebuttal of opposition by: Daniel Dovgan, M.D., LeConte Radiology; Jason Miller, Sr. Product Manager, Hitachi Medical Systems America; and Majorie A. Bristol, Esq.; and Jack E. Scariano, Jr., M.D.

Mr. Elrod summated for opposition.

Ms. Nelley summated for applicant.

Dr. Handorf moved for approval of the project based on: 1) Need – The need for the additional magnet has been established and is supported by the Department of Health report. This particular technology is not available close to Knoxville; 2) Economic Feasibility – The project is economically feasible by a combination of cash reserves, financing, lease, and line of credit; and 3) The project does contribute to the orderly development of adequate and effective health care as the applicant is anticipating to be a TennCare provider. Ms. Weaver seconded the motion. The motion CARRIED [5-3-0]. **APPROVED**

AYE: Newman, Troy, Atchley, Handorf, Weaver

NAY: Lammert, Caldwell, Koella

West Knoxville Open MRI, LLC - (Knoxville, Knox County) - Project No. CN0711-085

The establishment of an outpatient diagnostic center (ODC) and the initiation of magnetic resonance imaging (MRI) services. The equipment anticipated to be purchased is an open MRI to be shared with East Tennessee Community Open MRI, LLC, CN0711-084 and limited to the practice of Jack E. Scariano, Jr., M.D. Project Cost \$552,778.00.

Rachel C. Nelley, Esq., representing the applicant, addressed the Agency. Present in support of the project were: Mike Gragg, President, Strategic Staffing; and Craig Micciche, Regional Sales Manager, Hitachi Medical Systems America.

Opposing were: Dan H. Elrod, Esq., representing Covenant Health; Michael Langenberg, Executive Director, University Radiology; and Jeffrey Roesch, M.D., Vista Radiology. Present in opposition were: Mike Richardson, Vice President, Planning and Development, Covenant Health; Laurie Halsey, Covenant Health; and Charles McRae, CFO/Administrator, Vista Radiology, P.C.

Rebuttal of opposition by: Daniel Dovgan, M.D., LeConte Radiology; Jason Miller, Sr. Product Manager, Hitachi Medical Systems America; and Majorie A. Bristol, Esq.; and Jack E. Scariano, Jr., M.D.

Mr. Elrod summated for opposition.

Ms. Nelley summated for applicant.

Dr. Handorf moved for approval of the project based on: 1) Need – The need for the additional magnet has been established and is supported by the Department of Health report. This particular technology is not available close to Knoxville; 2) Economic Feasibility – The project is economically feasible by a combination of cash reserves, financing, lease, and line of credit; and 3) The project does contribute to the orderly development of adequate and effective health care as the applicant is anticipating to be a TennCare provider. Ms. Weaver seconded the motion. The motion CARRIED [5-3-0]. **APPROVED**

AYE: Newman, Troy, Atchley, Handorf, Weaver

NAY: Lammert, Caldwell, Koella

Thompson Cancer Survival Center - (Knoxville, Knox County) - Project No. CN0711-086

The initiation of positron emission tomography (PET) services, acquisition of PET equipment and associated renovation of its existing building. Project Cost \$4,711,275.00.

Dan Elrod, Esq., representing the applicant, addressed the Agency. Present on behalf of the project were: Mike Richardson, Vice President, Planning & Development; Laurie Halsey, Covenant Health; Charles McRae, CFO/Administrator, Vista Radiology, P.C.; and Jeffrey Roesch, M.D., Vista Radiology. Present were: Chester Ramsey, Thompson Cancer Center; Ann Henderlight, Vice President/CNO, Covenant Health; Mitzi Anderson, Vice President of Finance; and Tim Hawkins, President, Thompson Cancer Survival Center.

Mr. Atchley moved for approval of the project based on: 1) Need – The need is shown with the number of procedures exceeding all the standards; 2) Economic Feasibility – The project is economically feasible with cash reserves of the parent company; and 3) The project does contribute to the orderly development of adequate and effective health care. Mr. Atchley expressed HSDA's appreciation to Covenant for providing this quality service. Commissioner Newman seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Newman, Troy, Lammert, Caldwell, Atchley, Handorf, Weaver, Koella
NAY: None

Claiborne County Hospital - (Tazewell, Claiborne County) - Project No. CN0711-087

Conversion of eight (8) existing beds to a rehabilitation unit and the initiation of inpatient rehabilitation services. No other services will be initiated. The total number of licensed beds will not change as a result of this project. Project Cost \$314,206.00.

Deferred to the April Meeting

Behavioral Healthcare Center at Memphis - (Memphis, Shelby County) - Project No. CN0711-089

The establishment of a thirty (30) bed mental health hospital and the initiation of inpatient psychiatric services. The inpatient beds and services will be focused on the geriatric population, and all 30 beds will be designated as geriatric psychiatric beds. The facility will be licensed as a mental health hospital by the Tennessee Department of Mental Health and Developmental Disabilities. Project Cost \$8,904,194.00.

Deferred to the May Meeting

Wellmont Emergency Care Diagnostic Center at Boones Creek - (Johnson City, Washington County) - Project No. CN0711-090

Establishment of satellite emergency and outpatient imaging departments, and acquisition of major medical equipment. The project will be operated as satellite departments of Holston Valley Medical Center which is licensed as 505-bed hospital at 130 West Ravine Road, Kingsport (Sullivan County), TN 37660. The project will include laboratory, x-ray, ultrasound, mammography, and CT to support the emergency room patients and other outpatients. It does not include acquisition of major medical equipment other than CT, and it will not affect any licensed bed complement of Holston Valley Medical Center.

Project Cost \$40,884,749.00.

Deferred to the March Meeting

Ms. Troy and Dr. Handorf recused and left meeting.

Baptist Memorial Hospital - Memphis - (Memphis, Shelby County) - Project No. CN0711-091

The renovation and expansion of the emergency department and the acquisition of an additional magnetic resonance imaging (MRI) unit. The project does not change the number of licensed beds or initiate new services. Project Cost \$13,990,618.00.

Dan Elrod, Esq., representing the applicant, addressed the Agency. Gordon Lintz, Assistant Administrator, spoke on behalf of the project. Present were: Arthur Maples, Director Strategic Analysis; and Mark Ottens, Director of Nursing, Baptist Memorial Health Care Corporation.

Mr. Lammert moved for approval of the project based on: 1) Need – The need has been established; 2) Economic Feasibility – The project is economically feasible as funds are available through cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care in Memphis. Mr. Atchley and Dr. Caldwell seconded the motion. The motion CARRIED [6-0-0]. **APPROVED**

AYE: Newman, Lammert, Caldwell, Atchley, Weaver, Koella
NAY: None

OTHER BUSINESS

Jeff Ockerman, Director of Health Planning, Department of Finance and Administration encouraged Agency members to submit comments of the PET guidelines.

Dr. Caldwell suggested that on page 5 of the proposed guidelines one of the reasons for an exception should be for tertiary care and cancer hospitals where a PET scanner is needed in-house regardless of the number of procedures.

MINUTES

Mr. Atchley moved to approve the minutes of the January 23, 2008, meeting. Ms. Weaver seconded. The Minutes were approved by unanimous voice vote [6-0-0].

AYE: Newman, Lammert, Caldwell, Atchley, Weaver, Koella

NAY: None

ADJOURNMENT

There being no further business, the meeting adjourned.



Melanie M. Hill, Executive Director

MMH/mab